

Social Security: An important part of a woman's financial planning

One of the most important decisions a woman has to make in planning her financial future is when to apply for Social Security retirement benefits. Should she begin at age 62 and receive a reduced benefit—or wait until she can receive a full benefit?

This is not always an easy decision. The wisdom of the choice depends upon such factors as (1) how long she might expect to live and (2) how much money she will need in order to live in a particular lifestyle.

Plan early—and carefully

Thinking about retirement decisions early can help you decide what would be best for you when you reach your 60s. For example, you know that women tend to live longer than men, but you'll also want to consider the longevity history of women in your own family. If your grandmother lived into her 90s, you have better chances of a long life expectancy as well.

You will also want to consider your health. If you are middle-aged and in good health, you may want to continue working until you are eligible for full retirement—or even later.

If you are not working outside your home, you should ask yourself if your financial circumstances permit you to delay collecting Social Security benefits that would be based on your husband's earnings record.

At present, insured workers can begin collecting full Social Security benefits at age 65. But the re-

tirement age will increase in gradual steps beginning in 2003 until it reaches age 67 in 2027 for people born in 1960 or later. If, for example, you were born in 1944, you won't be eligible for full retirement benefits until you are 66.

The age/benefits correlation

In deciding when to apply for Social Security retirement benefits, you will want to consider how

your decision affects the amount of your retirement benefit. Your benefit will be reduced by $\frac{5}{9}$ of one percent for each month you get benefits before you reach full retirement age. The closer you are to that age, the smaller the reduction. For example, for people born before 1938, the reduction is 20 percent at age 62, $13\frac{1}{3}$ percent at age 63, and $6\frac{2}{3}$ percent at age 64. For people born in 1938 or

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Women's longevity far exceeds men's

When world-famous comedian George Burns celebrated his 100th birthday on January 20, headlines and newscasts around the country heralded the news. Reaching this milestone is certainly an achievement—and perhaps even more so for Mr. Burns than he realizes.

Today, there are approximately 50,000 Americans who are 100 years old or older. But Social Security records also indicate that just 1 in 7 of American centenarians are men. The aging face of Americans is increasingly female.

The National Center for Health Statistics reports that a woman who reaches age 65 can now expect to live, on average, about 20 more years. For a male at age 65, his life expectancy is about four years less. The disparity between the longevity of the sexes then quickly increases.

For example, the fastest growing segment of older Americans

is those who are 85 or older. Of the approximately 3.3 million Social Security beneficiaries now in that age group, about 2.5 million are women.

A recent survey by a major private insurance firm found that "women feel significantly less prepared for retirement than men." Yet, given the fact that women will, statistically speaking, spend more time in retirement than men, it might be wise to begin retirement planning as early as possible.



Diligence pledged in eradicating fraud and abuse

Williams named Social Security Inspector General

David C. Williams has been appointed by President Clinton to serve as Inspector General for the Social Security Administration (SSA). He was sworn into office by Commissioner of Social Security Shirley S. Chater on January 11.

Mr. Williams brings more than 28 years of experience in law enforcement to his new position. From 1989 until 1995, he was Inspector General of the Nuclear Regulatory Commission, and served as Director, Office of Special Investigations, for the General Accounting Office from 1986 to 1989.

He says that he will work hard to institute a strong and effective enforcement program to protect federal funds intended to provide benefits to the nation's retirees, disabled workers and families that have lost a wage earner.

Mr. Williams' office assumes the same responsibilities formerly handled by the Office of Inspector General (OIG) in the Department of Health and Human Services. The legislation that made SSA an independent agency in 1995 also established an independent OIG for SSA.

With the move to SSA, the Inspector General will report findings to the Commissioner of Social Security and to Congress.

Among OIG responsibilities is the detection of fraud and abuse in Social Security programs. Fraud and abuse typically falls into two categories—issuance of false Social Security numbers to obtain benefits and concealment of a beneficiary's status (e.g., work activity, death). Each Social

Security benefit program (retirement, survivors, disability) has its own vulnerabilities, and each is susceptible to particular types of fraudulent activities.

Investigations may reveal multiple violations of the law and regulations. Some examples are:

- submitting fraudulent proof of age;
- use of multiple identities to obtain benefits;

- questionable retirement;
- use of falsified medical evidence to establish eligibility for disability benefits; and
- filing fraudulent applications to obtain Social Security numbers.

OIG usually works independently, but at times conducts joint investigations with other federal law enforcement agencies.

...women's financial planning advice

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later, the reductions will be greater.

Although people who begin collecting Social Security at age 62 receive a reduced benefit, they will be receiving benefits for 36 months before people who elect to wait until they are age 65. This gives them a temporary financial advantage which, depending upon their own earnings record and benefit amount, could last for more than a decade. It is also important to know that once you decide to take a reduced Social Security retirement benefit, you can't change your mind. (However, if you qualify for a widow's benefit and have enough credits to get Social Security on your own record, you may receive a reduced widow benefit and later switch to your retirement benefit without a reduction in benefits.)

On the other hand, it may be to your advantage to continue working until you reach full retirement age—or later.

If you work beyond the age when you are eligible for full retirement, you can increase your Social Security benefit in two ways: (1) each additional year you work will add another year of earnings to your record and that will mean a higher benefit for most women; (2) your benefit is increased by a certain percentage when you delay retirement. For example, if you were born in 1943 or later, an additional 8 percent would be added to your Social Security retirement benefit for each additional year you work.

Social Security can help

Knowing just what Social Security benefits you are entitled to can help you make the retirement decision that is best for you. Just call Social Security's toll-free number, 1-800-772-1213 (available 24 hours a day) to ask for a *Personal Earnings and Benefit Estimate Statement*.



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How to increase your Social Security benefit

The world is full of "How to" books, but here's a "How to" that may affect your Social Security benefits. Did you know there are three ways to increase your Social Security benefit?

Here's one way. If you begin receiving benefits before you're 65, your check is reduced by $\frac{5}{9}$ of 1 percent for each month you are under age 65. By law, the reduction will apply only to those months in which you receive a Social Security check. If you're still working, there may be some months in which you don't receive a check because your earnings exceed \$690 per month. (The 1996 monthly earnings test exempt amount for retirees under age 65 is \$690 per month.) In that case, when you turn 65, your benefit is recomputed and you'll get back the $\frac{5}{9}$ of 1 percent for each month you didn't receive a check.

Let's say for example, you start receiving Social Security when you turn 62. Your benefits will be reduced by 20 percent from the amount you would have received at age 65. One year later you decide to work for awhile and you earn so much money that for nine months you don't receive a Social Security check. When you are 65, your benefit will be recalculated. It will be increased by 5 percent— $\frac{5}{9}$ of 1 percent for each of the nine months you didn't get a check. From then on, your monthly benefit will be reduced by 15 percent instead of 20 percent.

Here's a second way to increase your benefit. If you continue working after you start getting benefits, your benefit will be recalculated for each year you work. For anyone born after

1929, if this year's earnings are higher than one of their past 35 years, Social Security will automatically drop out the lower earnings year and recalculate the benefit.

The third way to get a higher Social Security benefit is to continue working and delay your retirement beyond age 65. The percentage of increase depends on what year you were born and is based on a graduated scale. For example, people who were born in 1938 receive a 6.5 percent increase for each year beyond full retirement age that they delay receiving Social Security. And if you're at the top of the graduated scale because you were born in 1943 or later, your benefit will be

increased by 8 percent for each year you delay retirement.

Also, don't forget that when you continue working after you reach age 70, your benefits aren't affected by your earnings. Each year, your benefit will be recomputed to see if your additional year of earnings will increase your benefit amount.

For more information about retirement benefits, call or visit any Social Security office or call Social Security's toll-free number 1-800-772-1213 to ask for *Retirement* (Publication No. 05-10035). Phone lines are busiest early in the week and early in the month, so, if your business can wait, it's best to call at other times.

Important information for new parents

Did you have a baby in 1995? Here's something you need to know: To claim your baby as a tax deduction for 1995 (when you file your return in 1996), the child must have a Social Security number. An exception is made for children born in November or December of 1995—parents have until the following year to get a Social Security number for their child.

Until this year, children did not need a Social Security number until age 1. Now, all dependents, regardless of age, must have a number.

It's easy to get a number for your child if you haven't already done so. Just call Social Security's toll-free number, 1-800-772-1213, any time on any day. Or, contact your local Social Security office during business hours during the week. You'll receive an *Application for a Social Security Card* to fill out and return. You'll be asked to furnish the baby's original birth certificate and proof of the baby's identity (such as a doctor or hospital bill, hospital identification bracelet, or anything else that identifies the child). In addition, you'll have to show proof of your identity (such as a driver's license). After these proofs and the completed application are submitted, you should receive the baby's card in about two weeks.

In many hospitals, when the baby's birth is registered, the hospital will also have you complete the necessary application for a Social Security number while you are there. Neither the hospital nor Social Security charges a fee for this service.



Change in circumstances may affect eligibility for SSI benefits

Have you ever applied for Supplemental Security Income (SSI) and been turned down because you had too much in resources? If time has passed and your situation has changed, it may be time for you to apply again.

Recently an elderly widow came into the local Social Security office to sign up for direct deposit. The Social Security representative helping her make the change noticed that her monthly benefit amount was \$430. He asked if she realized she might be eligible for SSI. She told him she had applied about

three years ago and had been turned down because she had too much in resources—specifically, she had more than \$2,000 in a bank account. Since that time, she had spent some of the money in her account and now had less than \$2,000 in resources. The representative told her she now was eligible for SSI. Unfortunately, she had not reapplied when her balance dropped below \$2,000. And, also unfortunately, this is not an isolated incident. Other individuals who have been turned down in the past or who previously believed they were in-

eligible for SSI may have had a similar change in their circumstances that would make them eligible today.

Some of the most common changes in an individual's life that could affect eligibility for SSI include:

- a decrease in income or resources;
- the death of a spouse;
- a spouse enters a nursing home; or
- a move to a different state.

Over the years, the SSI income limits have increased. Again, persons who were not eligible in the past because they had too much income may be eligible under the current rules.

Too often, people fail to reapply when they might have become eligible since they were originally found ineligible. They're losing out on important benefits: eligibility for SSI means more than monthly checks. In most states, it also means eligibility for Medicaid. Often, SSI recipients qualify for food stamps and other social services.

If you or someone you know has been denied SSI benefits, take another look at the situation. If things have changed, check with Social Security to see if the change has affected eligibility for SSI. You could be doing yourself, or someone else, a big favor.

Social Security Courier is designed to provide timely and relevant information about the retirement, survivors, disability, and Supplemental Security Income programs, as well as important Medicare information.

Each issue of *Social Security Courier* will contain items that should be, in whole or in part, of interest to your constituency. The camera-ready format is designed for easy reprint in your newsletter. Permission to reprint articles, giving credit to the Social Security Administration, is granted. We would appreciate your sending tearsheets when you reprint this material.

For Internet users, *Social Security Courier* is available from Social Security's FTP server, *Social Security Online*. The address is <http://www.ssa.gov> for "web" users and <ftp.ssa.gov> for anonymous ftp users. Files are available in text format (with a three-digit extension indicating date of issue) and portable document format suitable for reading and printing in native form (with a .PDF extension). Anonymous FTP users, change directory (cd) to /pub/general_info to select *Courier* issues.

We welcome your comments and invite suggestions for future editions. Please direct your correspondence to: Editor, *Social Security Courier*, Room 4-J-10 West High Rise, 6401 Security Boulevard, Baltimore, MD 21235.



Computers speed Social Security earnings corrections

Do you check with Social Security periodically to make sure your earnings record is correct? If not, you should. Your future Social Security benefits will be based on the earnings in this record. It's important that you notify Social Security promptly if you find any differences between your own records and the information on the *Personal Earnings and Benefit Estimate Statement* that shows the earnings and taxes credited to your Social Security number.

New computer software makes it possible for Social Security to correct your earnings record almost immediately. If you find an

error when you compare your records with the statement you receive from Social Security, call the toll-free number shown on the form. The Social Security representative who answers your call will (1) make the correction if possible during this phone call, (2) tell you what documents you need to furnish to show proof of the correct earnings for the period in question (items such as your W-2s, tax returns, or pay stubs), or (3) make an appointment for you to correct the error at your local office, if that is necessary.

Before the new software was developed, it took 9-18 months to correct an earnings record. Cor-

rection forms had to be prepared manually, and the earnings information had to be transmitted to several components. Now, the error will be corrected via computer during your appointment and updated overnight. You may request a printed revised statement.

To obtain a copy of the earnings currently credited to your Social Security number, as well as an estimate of your future benefits, call Social Security's toll-free telephone number, 1-800-772-1213, and ask for Form SSA-7004, *Request for Earnings and Benefit Estimate Statement*. The Internet address for this information is <http://www.ssa.gov>.

Social Security information available in Spanish on Internet

Social Security has a new way to provide services to the Spanish speaking public—the Internet. Public information materials, including pamphlets, factsheets, and other publications, as well as the application form for a Social Security card, are currently being offered in response to the rising demand for services in Spanish. Now public libraries, social service agencies, groups and organizations, and private users can easily access Social Security information and card application forms in Spanish on their personal computers. Of course, the paper versions of these electronic documents can be obtained at local Social Security offices or requested by phone at Social Security's toll-free number, 1-800-772-1213.

The information appearing on the Internet covers a wide range of topics, from the basic benefit programs—Retirement, Disability and Survivors Insurance, and Supplemental Security Income (SSI)—to specific areas of interest under such titles as *What Every Woman Needs to Know about Social Security*; *If You Are Self-Employed*; *Household Workers*; *A Guide for Farmers, Growers and Crew Leaders*; and *How Work Affects Your Social Security Benefits*.

In addition to the pamphlets in Spanish, you can

find the latest editions of the *Correo del Seguro Social*, the official Social Security newsletter, which offers up-to-date Social Security news items.

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How do you get to the Spanish publications on the Internet? Go to the agency's Internet site, "Social Security Online." You can reach Social Security Online through Mosaic at www.ssa.gov; or gopher, at gopher.ssa.gov. You can also access Social Security Online through any online service to which you subscribe, such as CompuServe, America Online or Prodigy.

Users can post questions about Social Security publications and public information products or leave comments and suggestions about Social Security Online via Internet at the e-mail address webmaster@ssa.gov. However, requests for specific information about Social Security taxes and benefits as they apply to individuals should continue to be directed to Social Security's toll-free number, 1-800-772-1213, or to your local Social Security office.

